

KITSAP COUNTY, WASHINGTON
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. The Fair And Parks Department Cash Receipting System Should Be Strengthened

Our audit of the Kitsap County Fair and Parks Department cash receipts from July 1, 1995, through September 28, 1995, revealed an approximate \$7,531 cash shortage from the receipts and ticket sales for the fair, exhibit hall (pavilion), ball fields, and lake parking fees.

This shortage occurred because the department's cash receipting system had the following internal control weaknesses.

- a. There was a lack of supervisory review of all cash receipts. A supervisory review would help decrease the risk of theft or loss of cash. It would also help the department safeguard its assets and check the accuracy and reliability of its accounting data.
- b. Manual receipts were not filed sequentially and receipt books were used simultaneously, making accountability difficult.
- c. There were 12 receipts missing.
- d. Many manual receipts had changed amounts and penned and scribbled notations that made them illegible. We were unable to determine if cash was missing from these receipts and they are not part of the \$7,351.
- e. Some voided cash receipts lacked proper documentation and supervisor's authorization.
- f. Staff did not reconcile cash receipts with bank deposits and the county treasurer. They also did not retain copies of bank deposit receipts.
- g. There was a consistent one week lag between payment of reservations fees and recording the payment in the receipt book.
- h. Staff routinely failed to note whether payments were made by cash or check when receipts were written. Accounting for the composition of the receipts would help prevent or detect an employee from substituting checks for cash.

RCW 43.09.200 states in part:

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

Adequate internal accounting controls over cash receipts are necessary to provide for proper accounting and to prevent or detect losses and misappropriations.

Lack of understanding of adequate internal controls and lack of routine supervisory review by management contributed to the weak internal controls and subsequent loss of \$7,531.

We recommend the department implement the necessary internal accounting controls over cash receipts:

- a. Supervisors should routinely monitor and review cash receipts. This includes review of accountability for ticket sales and ticket usage, as well as proper completion of manual receipts, prompt bank deposits and subsequent county treasurer transmittals, reconciliations of all cash receipt records with bank deposit receipts and county treasurer receipts, and proper filing and storage of all supporting documents.
- b. If at all possible, only one receipt book should be used at a time.
- c. All receipt copies should remain in the receipt books and be filed in sequential order.
- d. All changed amounts should be legible and have a supervisor's authorizing signature.
- e. All voided cash receipts should have adequate explanation and supervisor's authorization.
- f. The department maintain copies of all bank deposit receipts and reconcile these deposits with the manual cash receipts and subsequent treasurer's cash statements.
- g. All receipts should be recorded when received and deposited promptly.
- h. Record cash and check component amounts on each receipt.

We also recommend the county review this loss with its insurance carrier to determine if any of it is recoverable.